

Message Text

LIMITED OFFICIAL USE POSS DUPE

PAGE 01 MANILA 04166 040310Z

47

ACTION TRSE-00

INFO OCT-01 EA-06 ISO-00 NEA-09 IO-10 H-02 L-02 PRS-01

PA-01 USIA-06 CEA-01 SP-02 AID-05 EB-07 NSC-05

CIEP-01 SS-15 STR-04 OMB-01 CIAE-00 COME-00 FRB-03

INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01 EUR-12

/111 W

----- 104460

R 040147Z APR 75

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 1894

LIMITED OFFICIAL USE MANILA 4166

USADB

FOR NAC AGENCIES

E.O. 11652: ADS, DECLAS 12/31/75

TAGS: EAID, EFIN

SUBJECT: TRANSFER OF RESOURCES FROM MULTI-PURPOSE SPECIAL
FUND TO ASIAN DEVELOPMENT FUND

SUMMARY: BANK MANAGEMENT PROPOSES TO TRANSFER
RESOURCES OF EXISTING MULTI-PURPOSE SPECIAL FUND
TOTALLING \$257.6 MILLION, TO ASIAN DEVELOPMENT
FUND (ADF). PRESIDENT IS SEEKING AUTHORITY FROM
BOARD OF DIRECTORS TO NEGOTIATE TRANSFER ARRANGE-
MENTS WITH CONCERNED CONTRIBUTORS AND RECOMMENDS
THAT DIRECTORS REQUEST BOARD OF GOVERNORS TO
AUTHORIZE TRANSFER OF SET-ASIDE RESOURCES TO ADF.
BANK WOULD LIKE TO COMPLETE TRANSFER ARRANGEMENTS
BY NO LATER THAN 31 DECEMBER 1975. USADB RECOMMENDS FAVORABLE
NAC ACTION.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 MANILA 04166 040310Z

1. ADB DOC. R30-75, DATED 26 MARCH 1975 AND
ENTITLED QUOTE TRANSFER OF RESOURCES FROM THE

MULTI-PURPOSE SPECIAL FUND TO THE ASIAN DEVELOPMENT FUND UNQUOTE
POUCHED 31 MARCH. BOARD CONSIDERATIONS SCHEDULED 10 APRIL.

2. BANK'S EXISTING MULTI-PURPOSE SPECIAL FUNDS
TOTAL \$257.6 MILLION, CONSISTING OF CONTRIBUTIONS
OF \$200.2 MILLION AND SET-ASIDE RESOURCES OF
\$57.4 MILLION. IN ORDER TO EASE AND SIMPLIFY
ADMINISTRATION OF SPECIAL FUNDS, BANK PROPOSES
TRANSFER OF RESOURCES OF MULTI-PURPOSE SPECIAL
FUND TO ASIAN DEVELOPMENT FUND (ADF). PROVISION FOR SUCH
TRANSFERS HAS BEEN MADE IN REGULATIONS OF ASIAN DEVELOPMENT
FUND (SECTION 7.03 (B)).

3. ALTHOUGH TRANSFER OF EACH MULTI-PURPOSE
CONTRIBUTION IS MATTER FOR BILATERAL AGREEMENT
BETWEEN INDIVIDUAL CONTRIBUTOR AND BANK, DOCUMENT
NOTES THAT BASIC ARRANGEMENTS SHOULD BE ESSENTIALLY
SAME FOR EACH CATEGORY OF CONTRIBUTIONS. PAPER
STATES FURTHERMORE THAT IT WOULD BE DESIRABLE IF
ALL INDIVIDUAL ARRANGEMENTS CAN TAKE EFFECT ON
SAME DATE TO MINIMIZE ACCOUNTING COMPLICATIONS.

4. ONE DIFFICULTY ENCOUNTERED IN THIS CONTEMPLATED
TRANSFER IS FACT THAT FUNDS PROVIDED TO MULTI-
PURPOSE SPECIAL FUNDS BY AUSTRALIA, CANADA, AND
NEW ZEALAND ARE SUBJECT TO TRYING PROVISIONS RE
PROCUREMENT. THUS, THERE MUST BE TWO DIFFERENT
TRANSFER ARRANGEMENTS TO TAKE CARE OF UNTIED AND
TIED FUNDS. BANK PROPOSES THAT UNTIED CONTRIBUTIONS
BY BELGIUM, DENMARK, GERMANY, JAPAN, NETHERLANDS
AND UK, WHO HAVE ALREADY MADE OR ARE ABOUT TO
MAKE (BELGIUM) THEIR CONTRIBUTIONS UNDER FIRST
STATE OF ADF, BE CONSOLIDATED IN BANK'S BOOKS WITH
THEIR RESPECTIVE ADF CONTRIBUTIONS. IN CASE OF
ITALY, WHICH WILL NOT BE ABLE TO MAKE ITS ADF
CONTRIBUTION BEFORE END OF THIS YEAR, BANK PROPOSES
TO SEEK ITALY'S AGREEMENT TO TRANSFER OF ITALIAN
CONTRIBUTION TO MULTI-PURPOSE SPECIAL FUND TO ADF
AND ADMINISTERED IN MEANTIME AS SUPPLEMENTARY
LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 03 MANILA 04166 040310Z

RESOURCES, PENDING CONSOLIDATION WITH ITALIAN ADF
CONTRIBUTION WHEN RECEIVED.

5. AS FOR CONTRIBUTIONS BY AUSTRALIA, CANADA,
AND NEW ZEALAND WHOSE TYING RESTRICTIONS EACH
APPLY ONLY TO INITIAL DRAWDOWN OF CONTRIBUTED
CAPITAL, BANK PROPOSES TO SEEK AGREEMENT WITH
CONTRIBUTORS WHEREBY AFTER AMOUNTS OF CONTRIBUTIONS
HAVE BEEN DRAWN DOWN IN CONFORMITY WITH
RELEVANT TYING RESTRICTIONS RESULTING LOAN

RECEIVABLES WOULD BE TRANSFERRED TO ADF AND CONSOLIDATED WITH CONTRIBUTIONS MADE TO ADF BY THESE CONTRIBUTORS. THESE CONTRIBUTORS WILL BE REQUESTED TO AGREE THAT ALL SERVICE FEES AND INVESTMENT INCOME EARNED FROM TIED FUNDS PENDING DRAWDOWN BE TREATED AS INCOME OF ADF.

6. WHEN ARRANGEMENTS PROPOSED IN PARAS. 4 AND 5 ABOVE ARE COMPLETED, ALL THAT WOULD REMAIN IN EXISTING MULTI-PURPOSE SPECIAL FUND WOULD BE UNDRAWN BALANCE OF THREE TIED CONTRIBUTIONS.

7 TRANSFER OF SET-ASIDE RESOURCES, WHICH REPRESENT AMOUNT SET ASIDE FROM BANK'S PAID-IN CAPITAL, WILL REQUIRE SPECIFIC AUTHORIZATION BY BOARD OF GOVERNORS. AGAIN, PROVISION HAS ALREADY BEEN MADE IN ADF REGULATIONS FOR TRANSFERRING AND ADMINISTERING SET-ASIDE RESOURCES IN MANNER CONSISTENT WITH REQUIREMENTS OF BANK'S ARTICLES OF AGREEMENT. FURTHERMORE, ADF REGULATIONS STIPULATE THAT BOARD OF GOVERNORS MAY SPECIFY MANNER IN WHICH SET-ASIDE RESOURCES ARE TO BE USED. DOCUMENT NOTES THAT SET-ASIDE RESOURCES UNDER EXISTING MULTI-PURPOSE SPECIAL FUND HAVE BEEN USED TO: (A) INCREASE BANK'S CAPACITY TO MAKE LOAN COMMITMENTS, (B) PROVIDE CASH FUNDS FOR INVESTMENTS GENERATING ADDITIONAL INCOME, AND (C) PROVIDE RESOURCES OF LAST RESORT FOR FINANCING PROCUREMENT AND OTHER LOAN EXPENDITURES NOT ELIGIBLE FOR FINANCING FROM ANY CONTRIBUTION (FYI CERTAIN U.S. PROCUREMENT BEFORE U.S. LIMITED OFFICIAL USE LIMITED OFFICIAL USE

PAGE 04 MANILA 04166 040310Z

GOVERNMENT HAD CONTRIBUTED TO SPECIAL FUNDS). BANK PROPOSES THAT SET-ASIDE RESOURCES IN ADF BE USED IN SAME MANNER AS HAS BEEN USED IN MULTI-PURPOSES SPECIAL FUND.

8. IDEALLY, BANK WOULD LIKE TO COMPLETE TRANSFER ARRANGEMENTS BY JUNE 30, 1975 AND, IN ANY EVENT, NOT LATER THAN 31 DECEMBER 1975. IN ORDER TO MEET TARGET DATE, PRESIDENT SEEKS AUTHORITY FROM BOARD OF DIRECTORS TO NEGOTIATE ARRANGEMENTS WITH VARIOUS CONTRIBUTORS TO EFFECT TRANSFER OF CONTRIBUTED FUNDS ALONG LINES DESCRIBED ABOVE AND RECOMMENDS THAT DIRECTORS REQUEST AUTHORIZATION BY BOARD OF GOVERNORS TO TRANSFER SET-ASIDE RESOURCES. USADB AGREES THAT SIMPLIFIED STRUCTURE OF BANK'S SPECIAL FUNDS IS VERY DESIRABLE IN INTEREST OF EFFICIENT OPERATION AND RECOMMENDS FAVORABLE NAC ACTION. SULLIVAN

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FINANCIAL CONTRIBUTIONS, DEVELOPMENT BANKS
Control Number: n/a
Copy: SINGLE
Draft Date: 04 APR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975MANILA04166
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750117-0424
From: MANILA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750481/aaaacwai.tel
Line Count: 168
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION TRSE
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 22 JUL 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <22 JUL 2003 by BoyleJA>; APPROVED <23 JUL 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: TRANSFER OF RESOURCES FROM MULTI-PURPOSE SPECIAL FUND TO ASIAN DEVELOPMENT FUND
TAGS: EAID, EFIN, ADF, ASIAN DEVELOPMENT FUND
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006